

# INSTITUTIONAL CORRUPTION IN HIGHER EDUCATION: ANALYSIS OF CAUSES AND REFORMS AT THE SECOND-LARGEST INSTITUTION OF HIGHER EDUCATION IN ILLINOIS

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## ABSTRACT

*Corruption in higher education is an emerging topic in the field of education research. (Osipian 2008). Different aspects of such corruption have been addressed in numerous papers by various researchers. These papers indicate different aspects of the problem. Many of the papers evidence the global nature of this problem by highlighting corruption in higher education on different continents and in various nations, including Australia, Russia, Africa, China and India (Mohamedbhai 2016), Ukraine (Osipian 2015), the Republic of Georgia (Petrov & Temple 2004; Janashia 2015), China (Yang 2015), Vietnam (McCornac 2015), and various states from the former Soviet Union (Heyneman 2007). The bulk of these articles concern institutions outside of the United States and involve four-year degree-awarding colleges and universities.*

*Recently, the College of DuPage, a junior college located in suburban Chicago and the second-largest higher education institution in Illinois in term of the number of undergraduates enrolled, has been embroiled in waves of controversy. For almost two years, articles highlighting allegations of different types of corruption, fraud and abuse at the college had been a regular occurrence in the pages of the local newspapers and the news reports on local radio and television.*

*This paper will discuss some of the more significant allegations and findings of corruption and abuse at the College of DuPage, analyze and attempt to illustrate some of the causes for the occurrence of these incidents, and showcase some of the recent efforts at reform at the College in an attempt by a newly constituted Board of Trustees to implement measures to prevent, detect and deter incidents of corruption in the future. This paper will also suggest areas of further study and analysis going forward.*

*By discussing, analyzing and documenting the incidents of corruption occurring at a large community college in the United States, this paper intends to contribute to the growing body of literature regarding institutional corruption in higher education.*

## Institutional Corruption in Higher Education

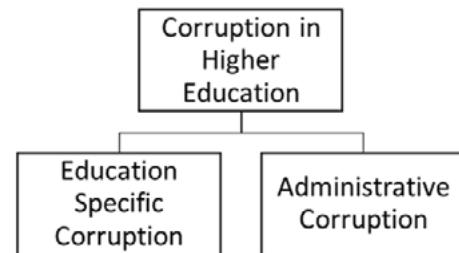
Corruption in higher education is an emerging topic in the field of education research. (Osipian 2008). Different aspects of such corruption have been addressed in numerous papers by various researchers. These papers indicate different aspects of the problem. Many of the papers evidence the global nature of this problem by highlighting corruption in higher education on different continents and in various nations, including Australia, Russia, Africa, China and India (Mohamedbhai 2016), Ukraine (Osipian 2015), the Republic of Georgia (Petrov & Temple 2004; Janashia 2015), China (Yang 2015), Vietnam

(McCornac 2015), and various states from the former Soviet Union (Heyneman 2007). The bulk of these articles concern institutions outside of the United States and involve four-year degree-awarding colleges and universities.

There are numerous definitions proffered for “corruption.” It’s been noted that

Agreed upon definitions are rare, and definitions of corruption run the gamut of being too broad to be rendered relatively useless to being too narrow and thus be applicable to only limited, rare, well-defined cases.

(Waite & Allen 2003, p. 282). Thus, the discussion, and useful definition of "corruption," is field-specific. (Osipian 2008). While the International Institute for Educational Planning defines corruption in education as a "misuse of public office for private gain..." it has been urged in the literature that in the field of higher education the definition of corruption should include the abuse of authority for personal as well as material gain. (Heyneman 2004). Further, Rumyantseva in "Taxonomy of Corruption in Higher Education" describes two main types of corruption in higher education graphically:



(Rumyantseva 2005).

This paper explores a rather unique situation not previously covered by the literature on corruption in higher education, and in so doing, will contribute to the literature in this emerging field of study. Specifically, this paper studies various types of corruption, including both education specific type corruption and administrative types of corruption purportedly committed in the setting of a large junior college in the United States of America.

## Background

The College of DuPage is the second-largest higher education institution in Illinois, based on undergraduate enrollments. With over 29,000 students, only the University of Illinois flagship school at Urbana-Champaign is larger in terms of the number of students attending. The College of DuPage is a junior college, also known as a community college, as it offers only associate degree and technical education programs. Opened in 1967, its main campus is in Glen Ellyn, Illinois, a suburb of Chicago located approximately 25 miles due west of the city. Technically, the school serves Illinois Community College District 502, which geographically consists of the vast majority of DuPage County, along with a small portion of Cook County.

The voters who live within District 502 elect a seven-member Board of Trustees, who are responsible for the oversight of the College. The elections take place in April of odd-numbered years. Three Board members were elected in April 2015, and the remaining four seats will be up for election in April 2017. Dr. Robert L. Breuder was se-

lected by the Board to be President of the College of DuPage in January 2009.

## The Controversies

The tenure of President Robert Breuder has been quite tumultuous at the College of DuPage, especially over the past several years. The various controversies reached a crescendo in 2015, so much so that the Higher Learning Commission, the organization tasked with accrediting post-secondary education institutions in the central United States, such as the College of DuPage, conducted an advisory visit to the school. The findings reported by the three-member evaluation team resulted in the College of DuPage being placed on two years of probation. (Smith, Wendler & Kerr 2015). Failure to get off of probation in February 2017 could be catastrophic for the College as it would affect such matters as the transferability of student credit hours, the ability of students to receive certain types of student financial aid, and negatively impact the school's bond rating.

## President's email

In early 2014 an email from President Breuder was leaked to the *Chicago Tribune* that was subsequently obtained by a government watchdog group pursuant to a Freedom of Information Act request. The email reportedly discussed a \$20 million "pay to play" scheme involving the College of DuPage and then-Governor Pat Quinn of Illinois. According to the reports, President Breuder discussed with certain Board of Trustee members leveraging the appearance of the Governor for the school's commencement address to obtain \$20 million in state construction grants. The reports suggest that while the funds were no longer needed for the project that they were originally intended, President Breuder was attempting to come up with some other project so that the College could receive the \$20 million. The emails reportedly indicate that Breuder would use the commencement ceremony appearance to drum up votes for the Governor in his reelection bid later that year. (Smith, Wendler & Kerr, p. 6.)

Upon the release and publication of the emails, Governor Quinn withdrew the funds from consideration for the College of DuPage. In November 2014 Governor Quinn lost his bid for reelection.

## Radio Station

The College of DuPage operates radio station WDCB-FM. For approximately 30 years the College employed an individual as the station engineer. During that time, the engineer billed the College hundreds of thousands of dol-

lars for equipment through a company he owned, including equipment that was never delivered. The payments to the engineer's company continued for at least 10 years after the school was initially warned about the engineer, and two years after he was convicted of stealing from a different radio station at a nearby college. (Smith, Wendler & Kerr, p. 9.) (Cohen & St Clair, Feb. 2015)

The engineer is currently awaiting trial on a 12-count indictment for felony theft and forgery.

## Waterleaf Restaurant

Opened in late 2011, one of the hallmark projects of President Breuder's tenure was the construction and establishment of Waterleaf, a fine dining restaurant on the College of DuPage campus. With an extensive collection of fine wines and a noted chef in charge, Waterleaf was considered to be the finest French-inspired restaurant in DuPage County. While some students did work at Waterleaf, it was never fully integrated into the College's culinary and hospitality programs. Rather, the restaurant was reportedly mostly used as a private club for officials of the College. An investigation by the *Chicago Tribune* found that the College spent almost \$190,000 in taxpayer funds on meals for senior administrators and trustees at the restaurant, while the College of DuPage Foundation, a 501c(3) charity and fundraising arm of the College, spent almost \$162,000 in liquor and wine for these administrators and trustees. Despite \$1 of every \$9 coming in from the College or Foundation, Waterleaf was a money-losing restaurant.

Records from Waterleaf were subpoenaed by a federal grand jury. The restaurant was closed in 2015, but reopened in spring 2016 as a part of the College's culinary and hospitality programs. (Smith, Wendler & Kerr, p. 9.) (Cohen & St Clair, Apr. 2015)

## Foundation Board Member No-Bid Contracts

An investigation by the *Chicago Tribune* and a government watchdog group uncovered that the firm owned by a member of the Board of the College of DuPage Foundation received more than \$630,000 in business from the College. There was no competitive bidding for these contracts due to an exception in College rules that allowed no-bid contracts for architectural work. However, the contracts were not for architectural services but for designing and fabricating signs, work that the winning company had never done before. The government watchdog group further alleged that over a five-year period, companies associated with 17 individuals tied to the Foundation had received almost \$244 million in mostly no-bid

contracts from the College of DuPage. These contracts are currently under investigation by the State of Illinois. (Smith, Wendler & Kerr, p.11.) (Cohen & St Clair, Mar. 2015)

## Credit Hour Manipulation

The College of DuPage is home to one of six Illinois police training institutes, academies that follow a state-mandated program for training local law enforcement officers. Traditionally, the College of DuPage would award recruits in this academy about one academic credit hour for each of the classes in the program. Reportedly at some time a few years ago, President Breuder, without consulting faculty or the College Curriculum Committee, ordered that the total academic credit hours to be awarded to participants in the police training institute be increased from 13 credit hours to 22 credit hours, without any change to the amount of instruction. This arbitrary change in credit hours had two effects: It allowed the College to bill the State of Illinois several hundreds of thousands of dollars more than it would otherwise, and it boosted overall College full-time-equivalent enrollment figures just enough so President Breuder could claim that the College hit an all-time record high enrollment.

Records from the academy were subpoenaed by a federal grand jury, which is currently conducting an investigation. (Smith, Wendler & Kerr, pp. 12-13.) (Cohen & St Clair, Oct. 2015)

## Lavish Spending by the College President

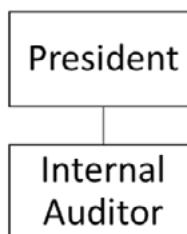
Expenditures by and for President Breuder also came under investigation by government watchdog organizations and by the news media. It was reported that in addition to President Breuder's significant salary, College funds were expended for such items as private hunting club memberships, limousine transportation and global satellite phones. Additionally, President Breuder oversaw a \$430,000 renovation of the "president's wing" that included a \$220,000, 101-foot-long "chronology wall" that showcased the accomplishments of the College's first five presidents, most notably President Breuder. Additionally, President Breuder arranged to have a disabled-accessible washroom on the first floor of the College's Fitness Center retrofitted into a private "executive locker room" that only he and two other ranking College officials could access, at a cost of \$15,000 to the College.

In January 2015 President Breuder agreed to leave the College in March 2016 in return for a severance package of \$763,000. President Breuder was placed on leave by a newly configured Board of Trustees in late April 2015

and was fired in October 2015. His employment contract is currently in litigation. (Smith, Wendler & Kerr, pp. 9-10.) (Cohen & St Clair, Jul. 2015) (Cohen & St Clair, Sep. 2015)

#### Misuse of Internal Auditor

During President Breuder's tenure, the Board of Trustee's Audit Committee was essentially dormant. While the College had an Internal Audit Department, the Internal Auditor did not report to the Audit Committee. Rather, the Internal Auditor took directives from, and reported to, President Breuder. Graphically, it would look like this:



This arrangement allegedly allowed President Breuder to use the Internal Audit Department as a weapon to attack opponents. In one notable case, President Breuder instructed the Internal Auditor to conduct an ethics investigation against the one Board member who regularly questioned the President's practices, Kathy Hamilton. Previously censured by the other Board members for "embarrassing" the College with her questioning, Trustee Hamilton was the target of an Internal Auditor investigation—ordered by President Breuder—for supposedly violating ethics rules by supporting certain candidates for election to the Board. While internal audit reports are to be kept confidential, this report, which alleged unethical conduct by Trustee Hamilton, was somehow leaked to the media. (Smith, Wendler & Kerr, pp. 7-8.) (Cohen & St Clair, Jun. 2015) (Merchant 2014).

#### Analysis: The Causes

To an auditor, a "Critical Combination of Conditions" is a situation in which two or more weaknesses in internal control, none of which would be serious by itself, coalesce to create a significant material weakness in internal control. But in a larger sense, a Critical Combination of Conditions can also describe any circumstance in which disparate factors converge at the right time and place so as to create a whole that is significantly greater than the sum of its parts. (Kresse 2008). It is this sort of Critical Combination of Conditions that conspired to create the particularly synergistic situation at the College of DuPage—a veritable corruption perfect storm.

#### The Structural Factor

Eighty-six miles due west on I-88 from the College of DuPage lies the town of Dixon, Illinois. Renowned as the boyhood home of President Ronald Reagan, Dixon is more recently famous for being the home of Rita Crundwell, the town comptroller and treasurer, who embezzled \$53.7 million from the city over 22 years. Like the College of DuPage, the important responsibility of oversight was entrusted to an elected, but unpaid, board of trustees. In such situations, entropy can seep into the system, with excessive trust being granted to those in executive positions, leading to a situation in which the oversight function is essentially abdicated. (Ross 2016). This can allow for a Board to "rubber stamp" any and all actions initiated by a President. (Griffin 2014).

#### The Political Factor

"Machine politics" in Illinois usually refers to the City of Chicago. However, there is another political machine in the state, a hybrid, bipartisan machine referred to as "The Combine." The Combine exerts influence over many of the elected officials in the collar counties of Chicago, including some elected community college board members. To the extent that that Combine exerted influence over some College of DuPage Trustees, their fiduciary duties may have been dissipated. (Kass 2008).

#### The Personality Factor

There is no doubt that College of DuPage President Robert Breuder has a forceful personality. College presidents need to be strong. But there was much more at work here with President Breuder. The faculty at both the College of DuPage and at Breuder's previous school, William Rainey Harper College in Palatine, Illinois, issued votes of "no confidence" against Breuder. The faculty at Harper College even staged a 12-day strike against Breuder in 2002. Similarly, the faculty at the College of DuPage, in their "no confidence" resolution, cited Breuder for creating a "culture of intimidation and threats." (Smith, Wendler & Kerr, p. 8.) (Robert Breuder's employment history. *Chicago Daily Herald*, Jan. 2015)

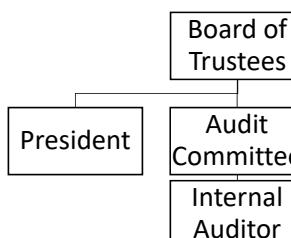
#### Reforms

In April 2015 three new Board members were elected to the College of DuPage Board of Trustees. Campaigning together as the "Clean Slate," these three self-styled reformers allied themselves with holdover Board member Kathy Hamilton. Thus, a slim 4-3 majority of "reformers" has held control of the Board since the new members were

sworn in in late April 2015. In December 2015 Hamilton resigned from the Board for personal reasons. (Sanchez 2015). Her spot was eventually filled by appointment when the Illinois Community College Board selected David Olsen, a Compliance Officer with BP, to complete the term. Olsen aligned himself with the three remaining "reformers." (Cohen & St Clair, Feb. 2016)

Since taking over a majority of seats on the Board, the reformers have taken a number of steps to structurally change operations at the College of DuPage so as to quickly detect, prevent and deter future instances of fraud, waste and corruption. These actions include:

- ▶ Terminated the employment contract with President Breuder.
- ▶ Pledged cooperation with the Illinois State Auditor General, and other federal and state authorities investigating the College.
- ▶ Established a functioning Audit Committee, including calling upon outside experts, such as this author, to assist in its duties.
- ▶ Retained a new independent outside auditor and tasking the auditor to perform audit of controls in addition to financial statement audit.
- ▶ Hired a toll-free fraud, waste and abuse hotline service that reports to Internal Auditor and to the Audit Committee.
- ▶ Promulgated a change in policy so that all matters regarding credit hours go before the faculty College Curriculum Committee.
- ▶ Conducted a nationwide search and hired a new President; to wit, a former U.S. Navy Vice Admiral and former President of National Defense University.
- ▶ Re-aligned the Internal Auditor in the College's organizational chart as such:



#### Going Forward

Further study of the situation at the College of DuPage will be necessary to see if the reforms implemented in the past year are successful in alleviating the atmosphere of

corruption that permeated so much of the College's recent past. Of particular interest will be to see if the actions of the newly constituted Board, the new President, the functioning Audit Committee, the new outside auditors and the newly aligned internal auditor will be sufficient to have the Higher Learning Commission lift the probation placed on the College's accreditation.

#### Conclusion

In a 1994 episode of the PBS series *Frontline* reporting on the acts of corruption that shuttered retail giant PharMor, journalist Paul Judge opined:

But how far are self-delusion and gambling from the positive traits of optimism and daring which we expect from our entrepreneurs? Not that far perhaps. Which is why we also expect those in oversight positions to keep an eye on those taking the risks. When they don't, we wind up in court. Because without controls, a system based on gambling and self-delusion will tend to run amok.

(Judge 1994). Such sentiments are not confined to the business world. As is evident in the case of the College of DuPage, higher education institutions can also run amok when the passions of forceful (and perhaps corrupt) chief executives are not tempered and constrained because those in charge of oversight have abdicated their responsibilities.

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